

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 COME-00 STR-07 AGRE-00
SIG-03 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 STRE-00 /120 R

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FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION GENEVA

C O N F I D E N T I A L STATE 060561

USEEC, USOECD ALSO FOR EMBASSY

E.O. 11652: GDS

TAGS: ETRD, GATT, MTN, EEC
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SUBJECT: EC POLICY TOWARD EASTERN EUROPE IN MTN

REFS: A. BRUSSELS 3821; B. STATE 32338

OECD: PLEASE PASS HENRY CLARKE

1. MISSION SHOULD DRAW ON GUIDANCE IN REFTEL B IN RESPONDING TO KAWAN'S INQUIRY REGARDING US VIEWS ON ANY SECTORAL IMPORT COMMITMENTS, WHETHER ON AN MFN BASIS OR NOT.

2. INTERESTED USG AGENCIES ARE ESPECIALLY CONCERNED THAT THE EC WILL STILL SEEK BILATERAL IMPORT COMMITMENTS FROM THE EASTERN EUROPEAN COUNTRIES FOR AGRICULTURAL PRODUCTS. MISSION SHOULD INFORM KAWAN THAT THE USG CONSIDERS SUCH BILATERAL COMMITMENTS CONTRARY TO THE GATT.

3. THE US HAS MADE THE FOLLOWING NTM REQUESTS OF POLAND AND ROMANIA IN ORDER TO FACILITATE ACTIVITIES OF FOREIGN FIRMS IN THESE COUNTRIES.

(A) POLAND:

- LIBERALIZATION OF EXCHANGE RATE RESTRICTIONS;

- ACCESS TO MONTHLY TRADE STATISTICS, BY COMMODITY AND BY COUNTRY;

- ACCESS TO CURRENT INFORMATION REGARDING BALANCE OF PAYMENTS;

- A DIRECTORY OF RESEARCH AND DESIGN INSTITUTES;

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- A DIRECTORY OF PRODUCING UNITS (TO FACILITATE CONTACT WITH END USERS);

- THE ELIMINATION OF THE POLISH REGULATION REQUIRING IMPORTERS TO INSURE COMPLETE OBJECTS WITH THE WARTA INSURANCE AND REINSURANCE CO.; AND

- ELIMINATION OF THE REGULATION REQUIRING THE POLISH FOREIGN TRADE ORGANIZATIONS TO INSURE WITH THE SAME COMPANY.

(B) ROMANIA: WE HAVE MADE IDENTICAL REQUESTS OF ROMANIA FOR ACCESS TO FOREIGN TRADE STATISTICS, BALANCE OF PAYMENTS INFORMATION, AND BUSINESS DIRECTORIES. IN ADDITION, WE HAVE REQUESTED:

- ELIMINATION OF RESTRICTIONS REQUIRING EMPLOYMENT OF ROMANIAN NATIONALS BY REPRESENTATIONAL OFFICES OF US FIRMS (DECREE 81, APRIL 15, 1977);

- LIBERALIZATION OF ROMANIAN LAWS PROHIBITING DIRECT PAYMENT OF ROMANIAN NATIONALS IN LOCAL CURRENCY; AND

- A REDUCTION IN THE EXCHANGE RATE FOR TRANSACTIONS BY BUSINESS VISITORS TO THE EXCHANGE RATE LEVEL APPLICABLE FOR FOREIGN TRADE ORGANIZATIONS.

4. MISSION MAY TELL KAWAN THAT WE CONSIDER EE ADHERENCE TO CODES TO REGULATE NON-TARIFF MEASURES AN IMPORTANT CONCESSION, SINCE SUCH ADHERENCE WILL GENERALLY SERVE TO INTEGRATE THE EASTERN EUROPEAN COUNTRIES MORE FULLY INTO THE MARKET SYSTEM. WE FEEL EE ADHERENCE TO THE STANDARDS CODE WILL BE PARTICULARLY USEFUL SINCE WE CURRENTLY DO NOT KNOW WHAT STANDARDS ARE IN FORCE IN EE COUNTRIES, AND ONE OF THE PROVISION OF THE CODE IS THAT ADHERENTS PUBLISH THEIR STANDARDS. ALSO, EE AGREEMENT TO THE DISPUTE CONFIDENTIAL

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SETTLEMENT MECHANISM OF THE STANDARDS CODE WILL BE A USEFUL PRECEDENT IN SOLVING FUTURE TRADE DISPUTES. INTERESTED USG AGENCIES ALSO BELIEVE THAT, IF AND WHEN THE EE COUNTRIES

INSTITUTE A MEANINGFUL TARIFF SCHEDULE, EE PARTICIPATION IN A CUSTOMS VALUATION CODE COULD REPRESENT A MEANINGFUL CONCESSION.

5. FYI. HUNGARIAN DEPUTY TRADE MINISTER TOROK DURING US-HUNGARIAN TRADE NEGOTIATIONS LAST WEEK ASSURED US THAT HUNGARY IS ADAMENTLY OPPOSED TO SECTORAL IMPORT COMMITMENTS AND WILL REJECT SUCH REQUESTS EVEN IF NOMINALLY ON AN MFN BASIS. JANOS NYGERES OF HUNGARIAN DEL NOTED THAT THIS ISSUE HAD BEEN DISCUSSED IN CEMA, AND HE WAS REASONABLY SURE THAT OTHER CEMA COUNTRIES, INITIALLY AT LEAST, WOULD TAKE A SIMILAR POSITION. NYGERES SAID THAT HE PLANS TO COUNTER ANY EC PROPOSAL FOR SECTORAL IMPORT COMMITMENTS BY PROPOSING THAT HUNGARY WOULD AGREE NOT TO IMPOSE ANY BARRIERS TO AN INCREASE IN MFN IMPORTS ON A GIVEN PRODUCT IF EC WOULD AGREE TO DO THE SAME. HE ADMITTED THAT THIS WAS A TACTICAL MOVE WITH LITTLE CHANCE OF ACCEPTANCE. NYGERES SUGGESTED TO US THAT AT THE NEXT ECE MEETING HUNGARY COULD MAKE A GENERAL PROPOSAL OPPOSING SECTORAL IMPORT COMMITMENTS, WHETHER BILATERAL OR GLOBAL, IF THE US WAS PREPARED TO MAKE A SIMILAR STATEMENT. WE EXPRESSED SOME DOUBTS ABOUT THE ECE AS THE APPROPRIATE FORUM FOR SUCH A STATEMENT BUT DID NOT FULLY CLOSE THE DOOR ON HIS IDEA. END FYI. VANCE

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